

**WATER DISTRICT NO. 1
OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Annual Financial Report

June 30, 2009 and 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/30/09

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Annual Financial Report
June 30, 2009 and 2008

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**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009 and 2008**

Water District No. 1 of the Parish of Lafourche, State of Louisiana (the District) is presenting the following discussion and analysis in order to provide an overall review of the financial activities for the fiscal years ending June 30, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with the District's financial statements and notes to the basic financial statements in order to enhance their understanding of the financial performance.

The District engages in various activities classified as "proprietary." These activities are accounted for much like that of a private business and use the full accrual method of accounting for transactions.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Total assets increased \$688,987 and total liabilities decreased \$1,675,781, resulting in total net assets increasing \$2,364,768 or 4.1% from the prior year.
- Operating revenues decreased slightly by \$73,134 or less than 1% from the prior year and conversely operating expenses increased by \$1,559,521 or 17.1% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four parts: Management's Discussion and Analysis, the Financial Section, Required Supplementary Information, and Other Supplemental Schedules. The Financial Section also includes notes that explain in more detail some of the information in the financial statements.

The Basic Financial Statements - Comparative Statement of Net Assets, the Comparative Statement of Revenues, Expenses and Net Assets and the Comparative Statement of Cash Flows provide both long-term and short-term information about the overall financial status. The Comparative Statement of Net Assets includes all assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). This financial statement reports net assets and how they have changed. Net assets – the difference between assets and liabilities – are one way to measure financial health, or position. Over time, increases or decreases in net assets are an indicator of whether its financial health is improving or deteriorating, respectively. This Statement also provides the basis for computing rate of return, evaluating the capital structure and assessing liquidity and financial flexibility.

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All of the current year's revenue and expenses are accounted for in the Comparative Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of operations over the past year and can be used to determine whether operations have successfully recovered all its costs through user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Comparative Statement of Cash Flows. The primary purpose of this statement is to provide information about cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting for operations, investing and financing activities and provides answers to such questions as where did the cash come from, what was the cash used for, and what was the change in cash balance during the reporting period.

Our auditor has provided assurance in the Independent Auditor's Report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding the Required Supplemental Information and the Other Supplemental Schedules is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

FINANCIAL ANALYSIS

To begin our analysis, a condensed summary of the Comparative Statement of Net Assets is presented in Table A-1.

Table A-1
Condensed Statement of Net Assets
(In millions of dollars)

	FY 2009	FY 2008	Dollar Change	Percent Change
Current Assets	\$ 12.7	\$ 14.6	\$ (1.9)	-13.0%
Restricted Assets	11.5	14.0	(2.5)	-17.9%
Capital Assets	64.0	58.9	5.1	8.7%
Total Assets	88.2	87.5	0.7	0.8%
Current Liabilities	3.8	3.9	(0.1)	-2.6%
Long Term Liabilities	25.4	26.9	(1.5)	-5.6%
Total Liabilities	29.2	30.8	(1.6)	-5.2%
Invested in Capital Assets, Net of Related Debt	44.7	40.4	4.3	10.6%
Restricted	3.3	3.5	(0.2)	-5.7%
Unrestricted	11.0	12.8	(1.8)	-14.1%
Total Net Assets	\$ 59.0	\$ 56.7	\$ 2.3	4.1%
Liabilities to assets ratio	33.1%	35.2%		

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For the Year Ended June 30, 2009 and 2008**

The liabilities to assets ratio, which indicates the degree to which the District's assets are financed through borrowing and other obligations, decreased slightly due to scheduled debt payments.

Total net assets increased \$2.3 million or 4.1%. Restricted Net Assets (those established by debt covenants, enabling legislation, or other legal requirements) decreased slightly. Unrestricted Net Assets decreased by approximately \$1.8 million to \$11.0 million. The Net Assets invested in Capital increased by \$4.3 million absorbing the positive change in net assets.

The following denotes explanations for some of the major changes between fiscal years, as shown in the previous table:

- Current assets decreased by 13% primarily due to an decrease in unrestricted cash and investments generated by the current year spending from operations.
- Capital assets increased by \$5.1 million primarily due to an increase of construction projects being added to the system.
- Current liabilities decreased slightly by about 2.6% mainly due to decreases in retainage paid on completed projects and a decrease in amounts remaining in accounts payable at the end of the year.
- Long term debt outstanding decreased due to payments made reducing the outstanding balances at the end of the year.

A condensed summary of the Comparative Statement of Revenues, Expenses and Changes in Net Assets is presented in Table A-2.

Table A-2
Condensed Statements of Revenues, Expenses and Changes in Net Assets
(In millions of dollars)

	FY 2009	FY 2008	Dollar Change	Percent Change
Operating Revenues	\$ 11.5	\$ 11.5	\$ -	0.0%
Non-operating Revenues	2.2	2.5	(0.3)	-12.0%
Total Revenues	13.7	14.0	(0.3)	-2.1%
Depreciation Expense	2.9	2.5	0.4	16.0%
Other Operating Expenses	7.8	6.6	1.2	18.2%
Non-operating Expenses	1.2	1.4	(0.2)	-14.3%
Total Expenses	11.9	10.5	1.4	13.3%
Income before Capital Contributions	1.8	3.5	(1.7)	-48.6%
Capital Contributions	0.6	0.9	(0.3)	-33.3%
Change in Net Assets	2.4	4.4	(2.0)	-45.5%
Beginning Net Assets	56.6	52.3	4.3	8.2%
Ending Net Assets	\$ 59.0	\$ 56.7	\$ 2.3	4.1%

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
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For the Year Ended June 30, 2009 and 2008**

Operating revenues remained stable.

Non-operating revenues decreased slightly, primarily due to a significant decrease in investment income. This was offset by an increase in ad valorem tax revenue due to increased values in assessed properties.

The District capitalized \$7,849,646 in depreciable assets over the course of the year which resulted in the additional \$400,000 increase in depreciation expense.

Other operating expense increases are due to large dollar maintenance projects that were completed during the current fiscal year on the water tanks - included in the transmission and distribution expense line item.

Non-operating expenses remained relatively the same.

BUDGETARY HIGHLIGHTS

As required by its bond covenants, the District adopts an Operating and Capital Works Budget no later than June 30th of each year. The budget remains in effect the entire year unless it is revised.

A budget comparison and analysis is presented to the Board in monthly interim financial statements. The adopted budget was not revised. A comparison of budget and actual is presented in Table A-3.

Table A-3
Condensed Comparison of Budget and Actual
(In millions of dollars)

	Budget	Actual	Dollar Variance	Percent Variance
Operating Revenues	\$ 12.1	\$ 11.5	\$ (0.6)	-5.0%
Non-operating Revenues	3.4	2.2	(1.2)	-35.3%
Total Revenues	15.5	13.7	(1.8)	-11.6%
Other Operating Expenses	7.0	7.8	(0.8)	-11.4%
Depreciation	2.3	2.9	(0.6)	-26.1%
Non-operating Expenses	1.3	1.2	0.1	7.7%
Total Expenses	10.6	11.9	(1.3)	-12.3%
Income before Capital Contributions	4.9	1.8	(3.1)	-63.3%
Capital Contributions	-	0.6	0.6	100.0%
Change in Net Assets	4.9	2.4	(2.5)	-51.0%
Beginning Net Assets	49.7	56.6	6.9	13.9%
Ending Net Assets	\$ 54.6	\$ 59.0	\$ 4.4	8.1%

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009 and 2008**

Significant budget variance explanations:

- Operating revenues varied due to decreases in export sales and slight decreases in customer sales that were not anticipated.
- Non-operating revenues varied due to decreases in investment income and recoveries from outside agencies that were anticipated that were not received.
- Major variances (unfavorable) from budget in other operating expenses incurred in water operating expenses for purification (due to Hurricanes) and distribution maintenance (also due to large repairs to the system for hurricane damage).

CAPITAL ASSETS

The District had \$64 million invested in a broad range of capital assets as summarized in Table 4 below. This amount represents a net increase (including additions and deductions) of \$5.2 million, or 8.8 percent, over last year.

Table A-4
Summary of Capital Assets

	2007	2008	2009
Land and Right of Ways	\$ 952,583	\$ 952,583	\$ 952,583
Construction in Progress	10,880,694	5,570,666	4,058,271
Water Plant & Building	20,262,228	21,455,388	23,558,572
Transmission & Distribution	62,994,162	72,877,488	80,100,779
Distribution Equipment	759,186	728,508	735,821
Administration Buildings	542,167	542,167	542,167
Furniture & Equipment	319,013	339,833	345,870
Transportation Equipment	483,424	499,082	521,297
Total Cost of Assets	97,193,457	102,965,715	110,815,360
Accumulated Depreciation	(42,034,255)	(44,104,589)	(46,777,062)
Total Capital Assets, Net	\$ 55,159,202	\$58,861,126	\$ 64,038,298
Depreciation Expense	\$ 2,286,399	\$ 2,488,995	\$ 2,856,811

During the fiscal year \$17 million assets were capitalized, including \$7 million of Construction in Progress and \$9 million of previously capitalized assets were disposed of and depreciated, reflecting a net increase of \$5.2 million in capital assets.

This year's major capital additions included:

- 18" Waterline Golden Meadow Floodgate to Booster \$ 2,336,152
- 18" Waterline Leeville Booster to GM Floodgate \$ 2,467,982
- New Sludge Pits at the N & S Water Treatment Plant \$ 1,111,602
- 20" Raw Waterline North Water Treatment Plant \$ 211,958
- North Plant Generator Facility \$ 404,297
- Waterline Replacement Roberts/Kraemer \$ 416,512

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- Waterline Replacement W. 26th St., et al \$ 402,413

Additional detailed information about capital assets is presented in Note 6 to the financial statements.

DEBT ADMINISTRATION

The District reflected \$27.8 million in Water Revenue Bonds and Net OPEB obligations outstanding at year end compared to \$29.3 million in the prior year—a decrease of 5.2 percent—as shown in Table 5.

Table A-5
Outstanding Debt

	2007	2008	2009
\$10,000,000 dated 1/1/2002	8,400,000	8,025,000	7,630,000
\$6,000,000 dated 5/1/2003	5,280,000	5,055,000	4,820,000
\$7,330,000 dated 10/28/04	7,160,000	6,555,000	5,925,000
\$10,000,000 dated 12/1/06	10,000,000	9,700,000	9,385,000
Total Water Revenue Bonds	<u>\$30,840,000</u>	<u>\$29,335,000</u>	<u>\$27,760,000</u>
Net OPEB Obligation	-	-	36,980
Total outstanding	<u>\$30,840,000</u>	<u>\$29,335,000</u>	<u>\$27,796,980</u>

During the current fiscal year, the Water District adopted GASB 45 that requires the accrual of the Net Other Postemployment Benefit Obligation(OPEB) at the end of the year. For the year ended June 30, 2009 the Net OPEB liability is \$36,980. More detailed information about long-term debt is presented in Notes 7-9 to the financial statements.

Bond Ratings

Outstanding bonds carry the following ratings:

- 2002 bonds are A3 rated (not insured) from Moody's
- 2003 bonds are Aaa rated (insured) from Moody's
- 2004 bonds are AAA rated (insured) from XL Capital
- 2006 bonds are AAA rated (insured) from CIFG

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year 2010, it is estimated that the District:

- Will serve an average of 31,000 customers; an increase of 278 over the average customers served for the twelve-month period ended March 31, 2009.
- Will generate water sales in the amount of 3,371,181 M gallons, a decrease of 39,049 M gallons compared to the twelve-month period ending March 31, 2009.

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- Resulting water service revenues are estimated to amount to \$11,063,545, which would be \$89,742 more than the March 31st twelve-month period of \$10,973,803.
- It is estimated that the District will collect \$534,000 for connection charges and penalties for late payment of bills, or about \$31,988 less than the level of the comparison year, which will result in total revenues of \$11,597,545, up by \$57,754 or .5 percent.

Table A-6
June 30, 2010 Summary of Projected Budget

Water Service Revenue	\$ 11,063,545
Other Operating Revenue	534,000
Total Operating Revenue	11,597,545
Operating Expenses	(9,542,613)
Net Operating Revenue	2,054,932
Other Income	2,002,074
Other Expenses	(1,193,442)
Net Income	<u>\$ 2,863,564</u>

Historically, a substantial portion of the District's income has been derived from a maintenance and operating tax levied. By election on November 2, 2004 the voters approved to continue a tax of 3.81 mills per annum. For the fiscal year 2009, the Board of Commissioners approved a 3.81 mill levy on for operating and maintenance purposes, and such levy has been used for budget purposes for the 2010 fiscal year.

The District's capital expenditures budget for fiscal year 2010 provides for total expenses of \$14,107,056 including \$9,506,271 of new construction projects. Some of the most significant projects are as follows:

- Waterline Golden Meadow Booster to Galliano Booster \$1,805,000
- New Clearwell/Transfer Pump Well & Pumps the North Plant \$4,546,271
- New Raw Water Intake Structure at the N. Plant \$1,200,000
- New 1,000,000 Gallon Ground Storage Tank at S. Plant \$1,200,000
- 18" Waterline Golden Meadow Levee Crossing \$ 650,000
- Waterline replacement projects \$ 673,421
- Water line replacements for 07/08 \$1,197,860
- Water line replacements for 08/09 \$ 948,500
- Water line replacements for 09/10 \$ 650,000

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
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MANAGEMENT'S DISCUSSION AND ANALYSIS
*For the Year Ended June 30, 2009 and 2008***

In summary, the proposed budget indicates that the District will not only meet cash requirements but will also have fund balances as required by the outstanding bond resolutions.

CONTACTING MANAGEMENT

This Annual Financial Report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of our finances and to demonstrate accountability for the money we receive. If you have questions about this report or need additional financial information, contact:

Pam Porche, Office Manager,
P.O. Box 399, Lockport, LA 70374,
1-800-344-1580

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Water District No. 1 of the Parish of Lafourche
State of Louisiana

We have audited the accompanying financial statements of the business type activities of the Water District No. 1, of the Parish of Lafourche, State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 2009 and 2008, which comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of Water District No. 1's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of the Water District No. 1 as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Water District No. 1 of the Parish of Lafourche
State of Louisiana
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In accordance with *Government Auditing Standards*, we have also issued a report dated September 4, 2009 on our consideration of Water District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and Other Required Supplemental information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole that collectively comprise the Water District's basic financial statements. The Other Supplemental Schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Water District No. 1. Such information, except for the schedule of Metered Water Customers and the Schedule of Insurance in Force marked "unaudited" on which we express no opinion has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Stagni & Company

Thibodaux, Louisiana
September 4, 2009



STAGNI & COMPANY, LLC

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
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Comparative Statement of Net Assets
Water Enterprise Fund
June 30, 2009 and 2008

ASSETS

CURRENT ASSETS

	2009	2008
Cash and cash equivalents	\$ 2,495,634	\$ 2,245,075
Investments	7,701,366	9,852,356
Receivables:		
Water sales	550,561	828,104
Unbilled water sales	856,841	815,330
Sewerage	37,400	37,412
Due from State of Louisiana	75,929	75,929
Other	772	157
Inventory	639,267	457,241
Prepaid insurance	357,899	325,748
	<u>12,715,669</u>	<u>14,637,352</u>

RESTRICTED ASSETS (cash and investments):

Water revenue bond current debt service cash with fiscal agent	551,501	580,479
Water revenue bond current debt service investment account	1,102,362	1,084,100
Water revenue bond future debt service reserve account	1,927,996	1,881,569
Construction - cash	1,334,432	1,964,279
Construction - investments	5,385,937	7,378,298
Water revenue bond contingency account	200,000	200,000
Customer meter deposits cash	123,936	103,941
Customer meter deposits investments	850,000	850,000
	<u>11,476,164</u>	<u>14,042,666</u>

PROPERTY, PLANT AND EQUIPMENT:

at cost (net of accumulated depreciation

of \$46,777,062 for 2009 and \$44,104,589 for 2008)

TOTAL ASSETS

64,038,298	58,861,126
<u>\$ 88,230,131</u>	<u>\$ 87,541,144</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES (payable from current assets):

Accounts payable and accrued expenses	\$ 273,393	\$ 419,323
Retainage payable	254,440	325,756
Due to other entities for water sale collections	105,883	107,974

CURRENT LIABILITIES (payable from restricted assets):

Interest accrued	551,501	580,479
Customer meter deposits	973,890	953,775
	<u>2,159,107</u>	<u>2,387,307</u>

LONG-TERM DEBT

Bonds due within one year	1,650,000	1,575,000
Bonds due after one year (net of unamortized discount and deferral of \$753,476 for 2009 and \$843,915 for 2008)	25,356,524	26,916,085
Net Other Post Employment Benefits Obligation	36,980	-
	<u>27,043,504</u>	<u>28,491,085</u>
	<u>29,202,611</u>	<u>30,878,392</u>

TOTAL LIABILITIES

NET ASSETS

Invested in capital assets, net of related debt	44,744,084	40,364,643
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Restricted for:

Customer Deposits	973,890	953,941
Capital Projects	898,060	1,152,975
Debt Service	1,380,358	1,390,669

Unrestricted	11,031,128	12,800,524
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TOTAL NET ASSETS

TOTAL LIABILITIES AND NET ASSETS

59,027,520	56,662,752
<u>\$ 88,230,131</u>	<u>\$ 87,541,144</u>

See Notes to Financial Statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Water Enterprise Fund
For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES:		
Metered sales to regular customers	\$ 10,816,616	\$ 10,841,114
Metered sales to industrial and municipal customers	46,586	25,344
Connection charges and other revenues	588,622	658,500
	<u>11,451,824</u>	<u>11,524,958</u>
OPERATING EXPENSES:		
Water purchased for resale	35,382	33,185
Water treatment expenses	3,412,569	3,009,507
Transmission and distribution expenses	2,108,464	1,524,573
Customer accounts expenses	924,445	854,407
Administrative and general expenses	1,341,776	1,209,259
Depreciation of utility system	2,856,811	2,488,995
	<u>10,679,447</u>	<u>9,119,926</u>
Income from operations	<u>772,377</u>	<u>2,405,032</u>
NON-OPERATING REVENUE:		
Investment income	316,924	860,431
Ad Valorem taxes	1,830,789	1,609,003
Shared revenue	52,574	53,310
Other income	1,571	2,225
	<u>2,201,858</u>	<u>2,524,969</u>
NON-OPERATING EXPENSES:		
Interest on bonds	1,131,980	1,187,866
Amortization of debt discount and expense	90,439	90,439
(Gain) loss on sale of fixed assts	(3,317)	427,518
(Gain) loss on investments	(59,286)	(293,821)
	<u>1,159,816</u>	<u>1,412,002</u>
Income or loss before contributions	1,814,419	3,517,999
Capital contributions	550,349	838,160
Change in net assets	2,364,768	4,356,159
Net Assets:		
Beginning of year	56,662,752	52,306,593
End of year	<u>\$ 59,027,520</u>	<u>\$ 56,662,752</u>

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Comparative Statement of Cash Flows
Water Enterprise Fund
For the years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Cash received from customers	\$ 11,707,368	\$ 11,548,373
Cash payments to suppliers for goods and services	(5,492,227)	(4,336,753)
Cash payments made to employees for services	(2,763,923)	(2,528,210)
Net cash provided (used) by operating activities	<u>3,451,218</u>	<u>4,683,410</u>
Cash flows from noncapital financing activities:		
Ad valorem taxes received	1,830,789	1,609,003
Revenue sharing grant	52,574	53,310
Other noncapital financing revenue	1,571	2,225
Net cash provided (used) by noncapital financing activities	<u>1,884,934</u>	<u>1,664,538</u>
Cash flows from capital and related financing activities:		
(Acquisition) sale of capital assets	(7,451,267)	(5,352,759)
Gain / (Loss) on sale/abandoned assets	7,930	(427,518)
Principal paid on revenue bond maturities	(1,575,000)	(1,505,000)
Interest paid on revenue bonds	(1,160,958)	(1,214,774)
Net cash provided (used) for capital and related financing activities	<u>(10,179,295)</u>	<u>(8,500,051)</u>
Cash flows from investing activities:		
Sales in excess of purchases and maturities/reclassification of investments	4,096,924	1,798,482
Gain (loss) on sale of investments	59,286	293,821
Interest and dividends on investments	316,924	860,431
Net cash provided (used) by investing activities	<u>4,473,134</u>	<u>2,952,734</u>
Net increase (decrease) in cash and cash equivalents	<u>(370,009)</u>	<u>800,631</u>
Cash and cash equivalents at the beginning of year	5,977,874	5,177,243
Cash and cash equivalents at the end of year	<u>\$ 5,607,865</u>	<u>\$ 5,977,874</u>
Cash and cash equivalents are composed of:		
Unrestricted Cash and Cash Equivalents	\$ 2,495,634	\$ 2,245,075
Cash and cash equivalents from restricted cash:		
Water revenue bond current debt service with fiscal agent	551,501	580,479
Water revenue bond current debt service account	1,102,362	1,084,100
Construction account	1,334,432	1,964,279
Customer meter deposits	123,936	103,941
	<u>\$ 5,607,865</u>	<u>\$ 5,977,874</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 772,377	\$ 2,405,032
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,856,811	2,488,995
Changes in assets and liabilities:		
(Increase) decrease in receivables	235,429	(7,435)
(Increase) decrease in inventory	(182,026)	36,957
(Increase) decrease in prepaid insurance	(32,151)	(35,712)
Increase (decrease) in accounts payable	(148,021)	143,643
Increase (decrease) in contracts and retainage payable	(71,316)	(378,920)
Increase (decrease) in customer deposits	20,115	30,850
Total adjustments	<u>2,678,841</u>	<u>2,278,378</u>
Net cash provided (used) by operating activities	<u>\$ 3,451,218</u>	<u>\$ 4,683,410</u>
Noncash investing and financing activities:		
Acquisitions of fixed assets through capital contributions	\$ 550,349	\$ 838,160
Net Other Postemployment Benefits Obligation	\$ 36,980	

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2009 and 2008

Water District No. 1 of the Parish of Lafourche, State of Louisiana, (the District) was created by the Police Jury of the Parish of Lafourche in accordance with the provisions of Act 343 of the Louisiana Legislature. The Board of Commissioners consists of 11 members who serve for an indefinite term, at the pleasure of the Lafourche Parish Council.

The District's boundaries encompass the entire Parish of Lafourche, except for the City of Thibodaux. The services provided include a complete public water utility system of water purification, distribution, and customer accounting and collection.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the utilities are described below:

Note 1 Summary of Significant Accounting Policies

Reporting Entity

Based on the following criteria the District is considered a component unit of the Lafourche Parish Council.

The financial statements include all accounts of the District's operations. The criteria for including organizations as component units as a reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards include whether:

- The organization is legally separate (and can be sued in its own name)
- The Council holds the Corporate powers of the organization
- The Council appoints the voting majority of the Board of Commissioners
- The Council is able to impose its will on the organization
- The entity is able to impose a financial benefit/burden on the Council
- There is a fiscal dependency by the organization on the Council

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements
For the years ended June 30, 2009 and 2008

Note 1 Summary of Significant Accounting Policies (Continued)

Method of Accounting

The financial statements of the District are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 20, the District has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential, industrial and municipal customers as well as service connection charges and penalties from late payment of bills. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's policy is that all surplus funds will be invested, where practical. Management's intent is to hold all investments to maturity. State law allows investments in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

In the opinion of management all trade receivables are fully collectible. The opinion is based upon historical experience and a review of receivable balances. No allowance for uncollectible accounts has been provided.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements
For the years ended June 30, 2009 and 2008

Note 1 Summary of Significant Accounting Policies (Continued)

Inventories

Materials and supplies inventory is valued at cost using the first-in/first-out method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. The commitments are not treated as expenses until a liability for payment is incurred, but are merely used to facilitate effective budget control and cash planning and management. The District does not employ encumbrance accounting where a portion of the applicable appropriation is reserved for open purchase orders.

Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than \$500 and are reported at cost. Donated or contributed assets are reported at fair market value at the time of contribution to the District. Major outlays for plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the plant constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated using the straight-line method over the following useful lives:

Type of Asset	Service Life
Water Plant and Buildings	7 - 44 years
Transmission and Distribution System	3 - 44 years
Distribution and Maintenance	5 - 10 years
Administration and Office Buildings	25 - 30 years
Furniture and Equipment	3 - 8 years
Transportation Equipment	3 years

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2009 and 2008

Note 1 Summary of Significant Accounting Policies (Continued)

Compensated Absences

The District's policy provides that employees may be away from work for vacation or for illness. Other types of leave-of-absence are provided for employees in order to fulfill personal obligations and other responsibilities.

Permanent employees earn paid vacations at their regular rate of pay, excluding overtime, after a period of one year of employment of one to five weeks based upon length of employment. Generally, vacation leave does not vest. Vacations must be taken by December 31st of each year.

Upon attaining 6 months of employment, an employee is entitled to thirteen days of sick leave per year. Sick leave does not accumulate, but it vests to a maximum of 34 hours. The balance of sick leave is paid to each employee in December of every year to a maximum of 34 hours per employee.

All employees upon attaining 1 full year of service shall be entitled to 1 day per year of personal preference leave. Time not taken by December 31st of each year shall be lost. The current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. Accrued sick leave of \$28,348 is included in accounts payable and accrued expenses on the Comparative Statement of Net Assets.

Bond Discounts, Bond Issuance and Prepaid Loan Costs

Bond discounts and bond issuance costs are being amortized on the interest method over the term of the related obligation. Prepaid loan costs are being amortized on the straight-line method, which approximates the interest method, over the term of the related obligation. Bond discounts are presented as a reduction to revenue bonds on the accompanying financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements
For the years ended June 30, 2009 and 2008

Note 1 Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The District has purchased commercial insurance to manage risk in the following areas; building and contents, boiler and machinery, general liability, commercial automobile, end to pollution, terrorism risk, directors and officers liability coverage, excess directors and officers liability, public official bonding, public employees blanket bond, workmen's compensation liability and employee health. There have been no significant reductions in insurance coverage in any area. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 2 Stewardship, Compliance and Accountability

Budget Information

The annual budget is a management tool that assists users in analyzing financial activity for the ensuing fiscal year. State law does not require a budget be adopted or reported for Enterprise Funds and accordingly; no budget and actual comparisons are presented in this report.

Compliance with bond resolutions and covenants, authorizing and securing the currently outstanding revenue bonds does require the adoption of a budget. Prior to the close of each fiscal year the Board adopts a proposed budget. The budget for this fiscal year was adopted on June 19, 2008 at the regular board meeting.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2009 and 2008

Note 3 Deposits with Financial Institutions and Investments

Deposits (demand deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2009 and 2008, the carrying amounts of deposits were \$7,321,071 and \$9,979,495 and the bank balances were \$7,517,630 and \$10,215,483. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit risk is the risk that in an event of a bank failure, deposits may not be returned to the entity. As of June 30, 2009, \$7,114,797 of the bank balance of \$7,517,630 and as of June 30, 2008, \$9,813,993 of the bank balance of \$10,215,483 was exposed to custodial credit risk. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

FDIC and pledged securities valued at \$11,461,975 for 2009 and \$14,144,326 for 2008, secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Investments at June 30, 2009 consisted of:

Investment	Carrying Amount	Fair Value	Maturities
U.S. Treasury Obligations	\$2,436,794	\$2,436,794	Less than a year
U.S. agencies	7,313,933	7,319,019	Less than a year
TOTAL	9,750,727	9,755,813	
LAMP	4,601,366	4,601,366	Avg. maturity 60 days or less
TOTAL INVESTMENTS	\$14,352,093	\$14,357,179	

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements
For the years ended June 30, 2009 and 2008

Note 3 Deposits with Financial Institutions and Investments (continued)

Investments at June 30, 2008 consisted of:

Investment	Carrying Amount	Fair Value	Maturities
U.S. Treasury Obligations	\$3,048,379	\$3,048,379	Less than a year
U.S. agencies	9,259,867	9,241,396	Less than a year
TOTAL	12,308,246	12,289,775	
LAMP	3,852,356	3,852,356	Avg. maturity 60 days or less
TOTAL INVESTMENTS	\$16,160,602	\$16,142,131	

The District invests in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool, administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana which was formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Most of the investments are for the construction project accounts and the district invests its moneys in short term maturity investments so as to have cash flows available to pay invoices on the construction projects as they become due and payable.

Credit Risk and Custodial Credit Risk. State law limits investments in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the District's policy to limit its investments in these investment types. As of December 31, 2008, the district's investment in LAMP was rated AAAM by Standard & Poor's.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2009 and 2008

Note 3 Deposits with Financial Institutions and Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District invests in structured financial instruments, which are held by an agent in the District's name. Structured financial instruments generally include contracts, whose value depend on, or derive from, the value of an underlying asset, reference rate, or index. At June 30, 2009 and 2008, the District held mortgage-backed securities in the form of FNMA, FHLMC and FHLB mortgage-backed pass through obligations. The overall return or yield on mortgage-backed securities depends on the amount of interest collected over the life of the security and the change in the market value. Although the District will receive the full amount of principal, if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment is lost.

Accordingly, the yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. Management's intent is to hold these investments to maturity. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk; therefore, the district does not have to disclose credit risk for the U.S. Treasury Obligations and U.S. agencies since they carry the explicit guarantee of the U.S. government.

Note 4 Ad Valorem Taxes

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
Water District Operations	3.61	3.61

Each November based on the assessed value of property as of the prior January 1 the Parish Assessor of Lafourche sends ad valorem tax bills. Billed taxes become delinquent on January 1 of the following year.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2009 and 2008

Note 4 Ad Valorem Taxes (continued)

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the parish as of January 1, 2008. The assessed value for the property on January 1, on which the 2009 and 2008 levy was based, was approximately \$532,176,446 and \$443,987,318 respectively.

The authorization to levy ad valorem taxes was granted through Parish elections for the purpose of operating and maintaining the water system for the constituents. The millage levied for the year June 30, 2009 and 2008 was 3.61 and 3.81 respectively. Tax collected as of June 30, 2009 and 2008 on the 2008 and 2007 tax levy was 95% and 95% respectively.

Note 5 Deferred Compensation Plan

Employees of the Water District are eligible to contribute to the Louisiana Deferred Compensation Plan under Internal Revenue Code 457 on a voluntary basis. The plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants can contribute up to a maximum of 100% of compensation, not to exceed \$16,500 for the 2009 calendar year. Additionally, if age 50 or older, participants may elect the Age 50+ provision to defer an additional \$5,500 in 2009 above the annual deferral limit.

During three years prior to normal retirement age as defined by the Plan, a participant may be eligible to contribute a "catch-up" amount if the participant did not contribute the maximum allowable amount during the years of eligibility in the Plan since January 1, 1979. This provision can not be used during the calendar year if the Age 50+ provision is elected, nor may a catch-up contribution be made during the calendar year of the normal retirement age, nor may a catch-up contribution be made if the participant previously participated in catch-up under this or any other Section 457 plan. Withdrawals from the plan occur at retirement, separation from service, death, or proven financial hardship.

The District has the responsibility for withholding and remitting contributions from participants to the plan. Great-West Life is the plan administrator and provides communication, record keeping of the accounts, and investment of the plan assets. All amounts of compensation deferred all property rights and rights purchased and all income, property, or rights held in trust for the exclusive benefit of the participants or their beneficiaries. The assets of the plan are not considered District assets, nor subject to claims or creditors of the District.

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 6 Capital Assets

Capital assets and depreciation as of and for the years ended June 30, 2009 and June 30, 2008, respectively, is as follows:

Description	Balance June 30, 2007	Net Additions (Dispositions) Reclassifications	Balance June 30, 2008	Net Additions (Dispositions) Reclassifications	Balance June 30, 2009
Capital assets, not being depreciated					
Land and Right of Way	\$ 952,583	\$ -	\$ 952,583	\$ -	\$ 952,583
Construction Projects in Progress	10,880,694	(5,310,028)	5,570,666	(1,512,395)	4,058,271
Total capital assets, not being depreciated	11,833,277	(5,310,028)	6,523,249	(1,512,395)	5,010,854
Capital assets, being depreciated					
Water Plant and Building	20,262,228	1,193,160	21,455,388	2,103,184	23,558,572
Transmissions and Distribution System	62,894,162	9,883,325	72,877,487	7,223,292	80,100,779
Distribution and Maintenance Equipment	759,186	(30,678)	728,508	7,313	735,821
Administration and Office Buildings	542,167	-	542,167	-	542,167
Furniture and Equipment	319,013	20,820	339,833	6,037	345,870
Transportation Equipment	483,424	15,658	499,082	22,215	521,297
Total capital assets, being depreciated	85,360,180	11,082,285	96,442,465	9,362,041	105,804,506
Accumulated Depreciation					
Water Plant and Building	(8,890,406)	(618,367)	(9,508,773)	(696,331)	(10,205,104)
Transmissions and Distribution System	(31,670,055)	(1,514,916)	(33,184,971)	(1,884,585)	(35,069,556)
Distribution and Maintenance Equipment	(543,573)	45,832	(497,741)	(50,127)	(547,868)
Administration and Office Buildings	(266,505)	(18,474)	(284,979)	(18,474)	(303,453)
Furniture and Equipment	(298,409)	(885)	(299,294)	14,619	(284,675)
Transportation Equipment	(365,307)	36,474	(328,833)	(37,573)	(366,406)
Total accumulated depreciation	(42,034,255)	(2,070,336)	(44,104,591)	(2,672,471)	(46,777,062)
Total capital assets, being depreciated net	43,325,925	9,011,949	52,337,874	6,689,570	59,027,444
Total capital assets, net	\$ 55,159,202	\$ 3,701,921	\$ 58,861,123	\$ 5,177,175	\$ 64,038,298
Depreciation Expense	\$ 2,286,399		\$ 2,488,995		\$ 2,856,811

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 7 Long-Term Debt

A summary for the year ended June 30, 2009 and 2008 follows:

	July 1, 2007	Additions/ (Retirements)	June 30, 2008	Additions/ (Retirements)	June 30, 2009
Water Revenue Bonds Payable	\$30,840,000	\$(1,505,000)	\$29,335,000	\$(1,575,000)	\$27,760,000
Bond Issuance Costs	(341,174)	27,999	(313,175)	27,999	(285,176)
Deferral on Refunding	(593,180)	62,440	(530,740)	62,440	(468,300)
Net OPEB Obligation (See Note 9)	-	-	-	\$36,980	\$36,980
TOTAL	\$29,905,646	\$(1,414,561)	\$28,491,085	\$(1,447,581)	\$27,043,504

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 7 Long-Term Debt (Continued)

Water Revenue Bonds	2008	2009
Consisted of the following:		
\$10,000,000 Water Revenue Bonds dated January 1, 2002 with a Final maturity on July 1, 2021, And with interest at 4.2%	\$8,025,000	\$7,630,000
\$6,000,000 Water Revenue Bonds dated May 1, 2003 with a Final maturity on January 1, 2023 And with interest at 3.6%-4.6%	5,055,000	4,820,000
\$7,330,000 Water Revenue Refunding Bonds dated October 28, 2004 with a Final maturity on January 1, 2017 And with interest at 1.8% to 3.85%	6,555,000	5,925,000
\$10,000,000 Water Revenue Bonds dated December 1, 2006 with a Final maturity on January 1, 2027 and with Interest at 4.0% to 4.5%	9,700,000	9,385,000
TOTAL	\$29,335,000	\$27,760,000

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 7 Long-Term Debt (Continued)

The annual requirements to amortize all bonds outstanding, including interest payments are as follows:

Year Ended June 30, 2008	Amount
2009	\$2,735,958
2010	2,753,003
2011	2,760,818
2012	2,768,858
2013	2,789,178
2014-2018	13,300,663
2019-2023	9,402,070
2024-2027	3,142,000
TOTAL	\$39,652,545

Year Ended June 30, 2009	Amount
2010	\$2,753,003
2011	2,760,818
2012	2,768,858
2013	2,789,178
2014	2,800,585
2015-2019	12,505,948
2020-2024	8,170,200
2025-2027	2,368,000
TOTAL	\$36,916,588

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 8 ***Flow of Funds; Restrictions on Use***

Under the terms of the bond indenture for each issue of Water Revenue Bonds, all income and revenues to be derived from the operation of the system are irrevocably and irreparably pledged in an amount sufficient for the payment of principal and interest on such bonds, and is set aside in the following manner:

- All revenue must be periodically deposited in the Revenue Fund to provide for payment of all reasonable and necessary expenses for administration, operation and maintenance.
- On or before the 20th day of each month, the District must set aside in a restricted bank account designated as Bond Fund, an amount equal to 1/6 of the interest due on the next interest payment date and 1/12 of the principal due on the next principal payment date. Such funds may be used only for the payment of principal and interest installments as they become due. The balances in these accounts are shown as restricted assets - Water Revenue Bond Current Debt Service Account.
- For bonds issued October 1, 1996, January 1, 2002, May 3, 2003, October 28, 2004, and December 1, 2006 the District established and must maintain the "Reserve Fund", by transferring from bond proceeds, the sum that will equal at least equal the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on the bonds.
- On or before the 20th day of each month, the District must deposit into a restricted bank account designated as the Renewal and Replacement Fund, an amount equal to 5% of the gross revenue for the preceding month. In the event that the balance in this fund exceeds \$200,000 at the end of the fiscal year, such excess is to be transferred to the Renewal and Improvements Fund. Money in this fund may be used only for extensions, additions, improvements, renewals, and replacement necessary to properly operate. Money in this fund may also be used to pay principal or interest falling due at any time there is not sufficient money for payment in the other bond funds. The balance in this fund shall never be reduced below a minimum of \$15,000. The \$100,000 balance in this fund was accumulated in a prior year and the second \$100,000 was accumulated in 2002.
- All of the revenues received in any fiscal year that are not required to be paid in such fiscal year into any of the above noted funds, in excess of 25% of the current fiscal year's budgeted amount of operating expenses, is to be considered surplus and transferred to the Renewal and Improvements Fund. Such funds are to be used for extensions, additions, improvements, renewals, and replacements to the water system.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 9 *Post Employment Benefits*

Plan Description. Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement, provided the employee has at least 30 years of service at retirement.

Employees with twenty-five (25) years of service or more are eligible for group health coverage as follows:

- Retirees with 25 of service, but less than 30 years of service will be responsible for the total premium for health insurance coverage. The insurance coverage will be available to the retiree for ten (10) years or until his/her 65th birthday or until such time as the retiree becomes eligible for another group plan. Dependents that are covered at the time of retirement can continue coverage at the retiree's cost. No dependent can be added to Retiree's plan. Since these retirees are paying 100% of the cost of their insurance; they are not considered in the net post employment benefit obligation calculation.
- Retirees with 30 years of service or more will be responsible for a percentage of the premium and the District will pay a percentage of the premium. The retiree's percentage of the premium will be determined annually by the Board. The insurance coverage will be available to the retiree for ten (10) years from retirement or until his/her 65th birthday or until such time as the employee becomes eligible for another group plan. Dependents that are covered at the time of retirement can continue coverage at the retiree's cost. No dependent can be added to Retiree's plan. These employees are those considered for the net post employment benefit obligation.

The coverage is for available upon retirement only. Coverage for a retiree cannot be reinstated once it is dropped or a retiree is not considered eligible.

Retirees that wish to continue group coverage with the district shall be required to pay one month premium in advance upon retiring. Retiree's monthly premium payments (whether the retiree is responsible for all or a portion of the premium) must be received by the 10th of the month or coverage will terminate if premium is not received by the 30th.

While the District fully expects that the benefit will continue indefinitely, due to unforeseen future business contingencies, permanency of the plan is subject to the District's right to amend or terminate the plan at any time.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 9 Post Employment Benefits (Continued)

Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after July 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. Complete plan provisions are included in the official plan documents.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until 2008, Lafourche Parish Water District recognized the cost of providing post-employment medical benefits (Lafourche Parish Water District's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2008, the District's portion of health care funding cost for retired employees totaled \$21,078.

Effective with the Fiscal Year beginning July 1, 2008, Lafourche Parish Water District implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The Statement requires the following disclosure.

Annual Required Contribution. Lafourche Parish Water District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2008 is \$58,058, as set forth below:

		Medical
Normal Cost	\$	20,233
30-year UAL amortization amount		37,825
Annual required contribution (ARC)	\$	<u>58,058</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 9 Post Employment Benefits (Continued)

Net Post-employment Benefit Obligation (Asset). The table below reflects the District's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2009:

	Medical
Beginning Net OPEB Obligation (Asset) 7/1/2008	\$0
Plus the annual required contribution	58,058
Gross OPEB Cost	58,058
Less the current year retiree premium	(21,078)
Change in Net OPEB Obligation	\$36,980
Ending Net OPEB Obligation (Asset) 6/30/2009	\$36,980

The following table shows Lafourche Parish Water District's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	June 30, 2009	\$58,058	36.31%	\$36,980

Funded Status and Funding Progress. In the fiscal year ending June 30, 2009, Lafourche Parish Water District made no contributions to its post employment benefits plan. The plan was not funded nor has assets, and hence has a funded ratio of zero. As of July 1, 2008, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$654,049, which is defined as that portion, as determined by a particular actuarial cost method (the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded, the entire actuarial accrued liability of \$654,049 was considered unfunded.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 9 Post Employment Benefits (Continued)

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the District and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the District and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 7%. The rates for each age are below:

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 9 Post Employment Benefits (Continued)

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	10.0%
26 - 40	8.0%
41 - 54	6.0%
55+	4.0%

Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence seven years after eligibility to enter the DROP, as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in July, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 9 *Post Employment Benefits (Continued)*

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "un-blend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical insurance for the retirees only (not dependents) and only until age 65 or 10 years after retirement, whichever occurs first. The rates provided applicable before age 65 are "blended" rates. Since GASB 45 mandates that "unblended" rates be used, we have estimated the "unblended" rates for two broad groups: active and retired before Medicare eligibility. It has been assumed that the retiree rate before Medicare eligibility is 130% of the blended rate.

Note 10 *Retirement Plan*

Plan Description and Provisions

All employees are members of the Parochial Employee's Retirement System of Louisiana (PERS) a cost sharing multiple-employer defined benefit pension plan. The System provides retirement benefits to an employee of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and elect to become members of the System. All members of the Parochial Employees' Retirement System are participants in either Plan A or Plan B. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

The District participates in Plan A. The types of benefits provided under this plan include:

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 10 Retirement Commitments (Continued)

Retirement Benefits

Any members can retire providing he/she meets one of the following criteria, if they were hired prior to January 1, 2007:

- At any age with 30 or more years of creditable service.
- Age 55 with 25 years of creditable service.
- Age 60 with a minimum of 10 years of creditable service.
- Age 65 with a minimum of 7 years of creditable service

If members were hired after January 1, 2007, a member can retire providing he/she meets one of the following criteria:

- 7 years and age 67
- 10 years and age 62
- 30 years and age 55

Survivor Benefits

Upon the death of any member of the plan with 5 or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Deferred Retirement Option Plan Benefits

In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the Deferred Retirement Option Plan for up to three years and defer the receipt of benefits.

Disability Benefits

A member hired prior to January 1, 2007 shall be eligible to retire and to receive a disability benefit if he/she has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. If a member was hired after January 1, 2007, shall be eligible to retire and to receive disability benefit if he/she has at least seven years of creditable service.

The Parochial Employees' Retirement System of Louisiana was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana. A Board of Trustees, an Administrative Director, an Actuary and Legal Council operate the System. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2015, specifically, and other general laws of the United States.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

The Parochial Employees' Retirement System issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619. (phone 985.928.1361)

Funding Policy

State Statute establishes member contributions. Employer contributions are actuarially determined every year determined by statutory process.

For the current year the required contribution rate for active plan members is 9.50% of payroll. The actuarially required net direct employer contributions as a percentage of payrolls were determined to be 13.25% for 2007, 12.75% for 2008, and 12.25% for 2009. Member and employer contributions for the year ending

June 30, 2009 were \$236,620 and \$338,415,
June 30, 2008 were \$219,859 and \$323,209,
June 20, 2007 were \$214,537 and 300,941, respectively.

In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax collected by the tax roll of each respective parish excepting Orleans parish and East Baton Rouge Parish and remits the money to the System on an annual basis.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)
For the years ended June 30, 2009 and 2008

Note 11 Construction Commitments

Construction commitments at June 30, 2009 are as follows:

Project	Total Estimated Cost (1)	Costs incurred to 6/30/09
Water Replacement - Along West 79 th St.	\$131,450	\$131,450
Waterline Replacement Along West 161 st St	399,586	355,557
Demolition of West Golden Meadow Elevated Tank	48,670	42,003
Replacement of Damaged 24" Bayou Crossing at Leeville	1,594,630	1,514,899
Waterline Replacement Along West 62 th St, et al	420,637	231,566
Leeville Tank Cleaning & Painting	431,658	294,891
South WTP Filter 5-8 Modifications	717,400	610,862
North WTP Clearwell & Pump Modifications	4,473,081	-
Totals	\$8,217,112	\$3,181,228

(1) Approved budget

***REQUIRED SUPPLEMENTAL
INFORMATION***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

**Schedule of Per Diem and Compensation of Board of
Commissioners**

June 30, 2009

During the year the Board of Commissioners held twelve meetings. Board members were compensated as follows:

• Mr. Sidney Triche, President	\$ -0-
• Mr. Richard Bollinger, Commissioner	\$ -0-
• Mr. Numa Breaux, Commissioner	\$ -0-
• Mrs. Doris Chauvin, Vice-President	\$ -0-
• Mr. Gus Cheramie, Commissioner	\$ -0-
• Mr. Manuel Delatte, Commissioner	\$ -0-
• Mr. Eric Roundtree, Commissioner	\$ -0-
• Mr. Louis Thibodaux, Commissioner	\$ -0-
• Mr. Robert Pontif, Jr., Secretary/Treasurer	\$1,800
• Mr. Morris Guidry, Commissioner	\$ -0-

***OTHER SUPPLEMENTAL
SCHEDULES***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Comparative Statement of Operating Expenses
Water Enterprise Fund
For the years ended June 30, 2009 and 2008

	2009	2008
Water Purchased for Resale	<u>\$ 35,382</u>	<u>\$ 33,185</u>
Water Treatment Expenses:		
Pumping Operations	958,298	890,511
Pumping Maintenance	32,236	18,433
Purification Operations	1,568,321	1,333,320
Purification Maintenance	853,714	767,243
Total Water Treatment Expenses	<u>3,412,569</u>	<u>3,009,507</u>
Transmission and Distribution Expenses:		
Distributions Operations	887,153	877,250
Distribution Maintenance	1,221,311	647,323
Total Transmission and Distribution Expenses	<u>2,108,464</u>	<u>1,524,573</u>
Customer Accounts Expenses:		
Customer Operations Expense	924,445	854,407
Total Customer Accounts Expense	<u>924,445</u>	<u>854,407</u>
Administrative and General Expenses:		
General Operating & Office Expense	1,088,970	979,545
Maintenance - General Property and Equipment	252,806	229,714
Total Administrative and General Expenses	<u>1,341,776</u>	<u>1,209,259</u>
Depreciation of Utility System	<u>2,856,811</u>	<u>2,488,995</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 10,679,447</u></u>	<u><u>\$ 9,119,926</u></u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements
For the years ended June 30, 2009 and 2008

Revenue Fund

	<u>2009</u>	<u>2008</u>
Cash Balance, July 1	\$ 2,028,515	\$ 1,823,935
Receipts:		
From Customers	11,967,850	11,934,440
Interest Earned	123,778	837,821
Transfers from Other Accounts	1,888,984	1,670,940
Others	896,315	1,594,207
	<u>14,876,927</u>	<u>16,037,408</u>
Disbursements:		
Operating Expense	12,320,366	9,595,925
Transfers to Other Accounts	2,403,800	6,236,903
	<u>14,724,166</u>	<u>15,832,828</u>
Cash Balance, June 30	<u><u>\$ 2,181,276</u></u>	<u><u>\$ 2,028,515</u></u>

Maintenance and Operating Fund

Cash Balance, July 1	\$ 7	\$ 4
Receipts:		
Ad Valorem Taxes (Net)	1,830,789	1,609,003
Revenue Sharing	52,574	53,310
	<u>1,883,363</u>	<u>1,662,313</u>
Disbursements:		
Transferred to Revenue Fund for Operating Expenses	1,883,365	1,662,310
Cash Balance, June 30	<u><u>\$ 5</u></u>	<u><u>\$ 7</u></u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements
For the years ended June 30, 2009 and 2008

Renewal and Improvements Fund

	<u>2009</u>	<u>2008</u>
Cash Balance, July 1	\$10,067,586	\$7,989,919
Revenues:		
Interest Earned	52,802	124,410
Transfer from:		
Revenue Fund	2,355,186	6,193,200
Construction Fund	2,753,238	3,864,757
Renewal & Improvements Investments	3,000,000	1,400,000
	<u>8,161,226</u>	<u>11,582,367</u>
Disbursements:		
Transfer to:		
Additions to System and Utility Plant Assets	<u>10,214,363</u>	<u>9,504,700</u>
Cash Balance, June 30	<u><u>\$8,014,449</u></u>	<u><u>\$10,067,586</u></u>

Summary of Cash and Investments - Current Assets

Revenue Fund	\$2,181,276	\$2,028,515
Maintenance and Operation Fund	5	7
Renewal and Improvements Fund	8,014,449	10,067,586
Refund Clearing		23
Payroll Clearing	70	100
Cash on Hand	700	700
Cash on Deposit -		
Collection Agent Accounts	<u>500</u>	<u>500</u>
Cash and Temporary Cash Investments - Current Assets	<u><u>\$10,197,000</u></u>	<u><u>\$12,097,431</u></u>
Unrestricted Cash and Cash Equivalents	\$ 2,495,634	\$ 2,245,075
Unrestricted Investments	<u>7,701,366</u>	<u>9,852,356</u>
	<u><u>\$ 10,197,000</u></u>	<u><u>\$ 12,097,431</u></u>

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA

Statement of Cash Receipts and Disbursements - Restricted Assets
For the years ended June 30, 2009 and 2008

	Current Debt Service Accounts		Future Debt Service Accounts		2002	2007	Water Revenue Bond Contingency	Customer Meter Deposits	2009	2008
	Bond Fund		Bond Reserve		Construction	Construction			Total	Total
Cash and investments July 1	\$ 1,664,579	\$	1,881,569	\$	304,118	9,038,459.00	\$ 200,000	\$ 953,941	\$ 14,042,666	\$ 17,322,780
Receipts:										
Interest earned	16,195				659	119,589		755	137,198	430,889
Customer deposits								144,330	144,330	147,745
Discounts	2,066								2,066	180,439
Transfers from:										
Bond Fund			3,838,930						3,838,930	3,353,160
Bond Reserve	2,706,980								2,706,980	2,692,866
Water Revenue Fund										
Total receipts	2,725,241		3,838,930		659	119,589	-	145,085	6,829,504	6,805,099
Disbursements:										
Fees/Claims										
Principal	1,575,000								1,575,000	1,505,000
Interest	1,160,958								1,160,958	1,214,775
Refund of customer deposits								10,530	10,530	7,485
Premiums						80,386			80,386	-
Transfers to:										
Renewal and Improvements Fund					304,777	2,357,292			2,662,069	3,864,757
Bond Fund			3,792,504						3,792,504	3,239,811
Water Revenue Fund								114,559	114,559	253,385
Total disbursements	2,735,958		3,792,504		304,777	2,437,678		125,089	9,396,006	10,085,213
Cash and investments June 30	\$ 1,653,862	\$	1,927,995	\$	-	\$ 6,720,370	\$ 200,000	\$ 973,937	\$ 11,476,164	\$ 14,042,666

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Schedule of Maturities

\$10,000,000 Water Revenue Bonds, 2002 Series

Dated: January 1, 2002

Date of Maturity	Amount	Date of Maturity	Amount
01/01/2003	\$285,000	01/01/2013	\$490,000
01/01/2004	305,000	01/01/2014	515,000
01/01/2005	320,000	01/01/2015	545,000
01/01/2006	335,000	01/01/2016	575,000
01/01/2007	355,000	01/01/2017	605,000
01/01/2008	375,000	01/01/2018	640,000
01/01/2009	395,000	01/01/2019	675,000
01/01/2010	420,000	01/01/2020	715,000
01/01/2011	440,000	01/01/2021	750,000
01/01/2012	465,000	01/01/2022	795,000
		TOTAL	\$10,000,000

Bonds are in denominations of \$5,000 each.

The Bonds maturing January 1, 2013, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2012, or in part in the inverse order of their maturities, and if less than a full maturity then by lot within such maturity, on any Interest Payment Date on or after January 1, 2012, at the redemption prices stated herein.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Schedule of Maturities

\$6,000,000 Water Revenue Bonds, 2003 Series

Dated: May 1, 2003

Date of Maturity	Amount	Date of Maturity	Amount
01/01/2004	\$120,000	01/01/2014	\$300,000
01/01/2005	190,000	01/01/2015	315,000
01/01/2006	200,000	01/01/2016	330,000
01/01/2007	210,000	01/01/2017	345,000
01/01/2008	225,000	01/01/2018	365,000
01/01/2009	235,000	01/01/2019	380,000
01/01/2010	245,000	01/01/2020	400,000
01/01/2011	260,000	01/01/2021	420,000
01/01/2012	270,000	01/01/2022	440,000
01/01/2013	285,000	01/01/2023	465,000
		TOTAL	\$6,000,000

Bonds are in denominations of \$5,000 each.

The Bonds maturing January 1, 2014, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2013, or in part in the inverse order of their maturities, and if less than a full maturity then by lot within such maturity, on any Interest Payment Date on or after January 1, 2013, at the redemption prices stated herein.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Schedule of Maturities

\$7,330,000 Water Revenue Refunding Bonds, 2004 Series

Dated: October 28, 2004

Date of Maturity	Amount	Date of Maturity	Amount
01/01/2006	\$65,000	01/01/2012	\$695,000
01/01/2007	105,000	01/01/2013	725,000
01/01/2008	605,000	01/01/2014	750,000
01/01/2009	630,000	01/01/2015	780,000
01/01/2010	650,000	01/01/2016	810,000
01/01/2011	670,000	01/01/2017	845,000
		TOTAL	\$7,330,000

Bonds are in denominations of \$5,000 or any integral multiple thereof within a single maturity.

The Bonds are not callable for redemption by the Issuer prior to their stated maturities.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Schedule of Maturities

\$10,000,000 Water Revenue Bonds, 2006 Series

Dated: December 1, 2006

Date of Maturity	Amount	Date of Maturity	Amount
01/01/2008	\$300,000	01/01/2018	\$495,000
01/01/2009	315,000	01/01/2019	515,000
01/01/2010	335,000	01/01/2020	545,000
01/01/2011	350,000	01/01/2021	570,000
01/01/2012	365,000	01/01/2022	600,000
01/01/2013	385,000	01/01/2023	630,000
01/01/2014	405,000	01/01/2024	660,000
01/01/2015	425,000	01/01/2025	695,000
01/01/2016	445,000	01/01/2026	730,000
01/01/2017	470,000	01/01/2027	765,000
		TOTAL	\$10,000,000

Bonds are in denominations of \$5,000 or any integral multiple thereof within a single maturity, in fully registered form.

The Bonds maturing January 1, 2018, and thereafter, are callable for redemption by the Issuer in full, or in part, at any time on or after January 1, 2017 (but if in part, in the inverse order of their maturities, and if less than a full maturity, then by lot within such maturity), at the principal amount thereof, plus accrued interest from the most recent Interest Payment Date to which interest has been paid for duly provided for to the date fixed for redemption, plus a redemption premium of 1% if redeemed during the period from January 1, 2017 to December 31, 2022 or ½% if redeemed January 1, 2023 and thereafter.

WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA
Schedule of Metered Water Customers
June 30, 2009
(Unaudited)

All sales of water are metered. At June 30, 2009, there were 30,951 active metered customers.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Schedule of Insurance in Force

June 30, 2009

(Unaudited)

<u>Amount of Policy</u>	<u>Risks Covered</u>	<u>Insurer</u>	<u>Expiration Date</u>
\$28,773,502 (per schedule)	Commercial Property Inland & Marine Deductible 5% No Min. Wind/Hail Deductible \$ 25,000 North & South Plants Deductible \$ 10,000 All Other Perils & locations	ACE American Insurance Company	03/01/10
\$1,000,000 aggregate	Terrorism Coverage Inclusion Deductible - none	Arch Insurance Company	03/01/10
\$ 50,000,000 (per schedule)	Boiler & Machinery Deductible \$1,000	Traveler's Property Insurance Co.	03/01/10
\$ 1,000,000 \$3,000,000 aggregate	General Liability	Arch Insurance Company	03/01/10
\$ 1,000,000 \$ 1,000,000	Automobile (Uninsured Motorist)	Arch Insurance Company	03/01/10
\$ 10,000,000	Commercial Umbrella Liability Coverage	Arch Insurance Company	03/01/10
\$ 1,000,000 \$3,000,000 agg.	Public Officials Errors & Omissions Professional Liability Deductible \$1,000 (E & O) Deductible \$1,000 (Empl. Prac.)	Arch Insurance Company	03/01/10
\$ 50,000	Public Officials Oath Bond	Western Surety Company	03/01/10
\$ 250,000	Fidelity/Crime	Western Surety Co.	03/01/10
\$ 1,000,000	Worker's Compensation	Bridgefield Casualty	03/01/10
\$25,000 inside \$25,000 outside \$50,000 computer fraud \$100,000 employee dishonesty \$250,000 forgery	Crime \$500 Deductible - each	Arch Insurance Company	03/01/10
\$5,000,000 named windstorm coverage	Excess Physical Damage	Landmark American Insurance Company	3/1/2010

***REPORTS REQUIRED BY
GOVERNMENT AUDITING
STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Water District No. 1 of the Parish of Lafourche,
State of Louisiana

We have audited the financial statements of the business type activities of the Water District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended June 30, 2009, which comprise the basic financial statements, and have issued our report thereon dated September 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Water District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Water District No. 1's internal control over financial reporting. According, we do not express an opinion on the effectiveness of the Water District No. 1's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Water District No. 1's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a remote likelihood that a misstatement of the Water District No. 1's financial statements that is more than inconsequential will not be prevented or detected by the Water District No. 1's internal control.

To the Board of Commissioners
Water District No. 1
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Water District No.1's internal control.

Our consideration of internal control over financial reporting was for the limited purpose of described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Water District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of the Water District No. 1 and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
September 4, 2009



STAGNI & COMPANY, LLC

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,
STATE OF LOUISIANA**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

We have audited the financial statements of the business type activities of the Water District No. 1, a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 2009 and have issued our report thereon dated September 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit of the financial statements as of June 30, 2009, resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No
Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards – NONE

Internal Control

Material Weaknesses ☐ Yes ☐ No
Significant Deficiencies ☐ Yes ☐ No
Type of Opinion On Compliance Unqualified ☐ Qualified ☐
Disclaimer

☐ Adverse ☐

Are there findings required to be reported in accordance with Circular A-133
Section .510(a)? ☐ Yes ☐ No

c. Identification of Major Programs – N/A

Section II - Financial Statement Findings

NONE

Section III - Federal Award Findings and Questioned Costs

NOT APPLICABLE